

Message Text

CONFIDENTIAL

PAGE 01 STATE 115257
ORIGIN ARA-14

INFO OCT-01 ISO-00 SS-15 EB-08 AID-05 L-03 SP-02
CIAE-00 INR-10 NSAE-00 STR-07 COME-00 TRSE-00
OMB-01 XMB-02 SSO-00 NSCE-00 INRE-00 ICAE-00 /068 R

DRAFTED BY ARA/CEN:WMATTHEWS:DWELTER:CFC
APPROVED BY D:WCHRISTOPHER
ARA:JABUSHNELL
ARA:SASHELTON
IDB:RDUNGAN(SUBS)
EB/IFD/ODF:AFWATSON
AID/LA/CEN:RGARUFI
D:SOXMAN

-----029537 052200Z /73

O R 052027Z MAY 78
FM SECSTATE WASHDC
TO AMEMBASSY MANAGUA IMMEDIATE
INFO AMEMBASSY CARACAS
AMEMBASSY GUATEMALA
AMEMBASSY SAN JOSE
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA

C O N F I D E N T I A L STATE 115257

E.O. 11652: GDS

TAGS: PINT, PINS, EFIN, NU

SUBJECT: RESPONSE TO AMBASSADOR'S REQUEST FOR INFORMATION

REF: MANAGUA 1945

1. DIPLOMATIC NOTE (ACTUALLY LETTER FROM SEVILLA-SACASA)
ANSWERED APRIL 4. SEVILLA-SACASA ACKNOWLEDGED RECEIVING
REPLY AROUND APRIL 5 AND SAYS HE SENT COPY TO PRESIDENT
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 115257

SOMOZA. TEXT OF BOTH LETTERS SENT SEPTTEL.

2. RE SOMOZA ALLEGATION US DIRECTOR OF IDB BOYCOTTING
NICARAGUA PROJECTS, YOU SHOULD TELL PRESIDENT SOMOZA
FOLLOWING: THE U.S. EXECUTIVE DIRECTOR OF THE IDB IS AN
INSTRUCTED DELEGATE. HE DOES NOT INSTRUCT IDB STAFF AND
IS NOT AWARE OF ANY INSTRUCTION TO STAFF TO HOLD UP ON

PREPARING LOANS FOR NICARAGUA FOR PRESENTATION TO BOARD.
IF QUERIED BY IDB SENIOR STAFF, HE WILL BE GLAD TO EXPLAIN
U.S. POSITION ON ANY PARTICULAR LOAN. REGARDING THE
RIO BLANCO-SIUNA ROAD LOAN, THE U.S. DELEGATE TO THE
VANCOUVER IDB CONFERENCE DISCUSSED THIS PROJECT AT LENGTH
WITH THE NICARAGUAN DELEGATE AND ASSURED HIM THAT THE U.S.
WOULD GIVE CAREFUL CONSIDERATION TO THIS LOAN. SOME

TECHNICAL MODIFICATIONS OF THIS LOAN ARE IN PROCESS TO
ENSURE THAT IT CLEARLY MEETS BASIC HUMAN NEEDS CRITERIA.
THE INTERAGENCY GROUP ON HUMAN RIGHTS AND FOREIGN
ASSISTANCE HAS NOW RECOMMENDED APPROVAL OF THIS LOAN.
WE UNDERSTAND THAT IDB COMMITTEE ACTION IS SCHEDULED
FOR MAY 18, WITH FINAL BOARD CONSIDERATION ON MAY 25.

3. YOU MAY INFORM SOMOZA THAT THE USG IS CLEARLY NOT
PRACTICING ANY ECONOMIC BOYCOTT OF NICARAGUA. THE
FOLLOWING IS A SUMMARY OF OUR ACTIONS SINCE NOVEMBER
1977 RE IFI AND AID LOANS AND GRANTS FOR NICARAGUA.
YOU MAY DRAW ON IT AS APPROPRIATE TO MAKE THE POINT TO
SOMOZA THAT THERE IS NO ECONOMIC BOYCOTT.

A. APPROVED FAVORABLE VOTES FOR:

1. IBRD MANAGUA WATER SUPPLY LOAN
 2. IBRD RURAL SANITATION LOAN
- CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 115257

3. IDB PUBLIC HEALTH LOAN

THESE PROJECTS HAVE BEEN APPROVED BY THE RESPECTIVE
BOARDS OF DIRECTORS AND CONTACT NEGOTIATIONS ARE
PROCEEDING.

B. POSTPONED A DECISION ON THE FOLLOWING LOANS AND
SUGGESTED THE GON MIGHT REQUEST A POSTPONEMENT IN A
VOTE BY THE BANKS:

1. IDB ANIMAL HEALTH LOAN
2. IDB AGRICULTURAL RESEARCH LOAN
3. IDB RIO BLANCO-SIUNA ROAD PROJECT (NOW BEING PREPARED
FOR VOTE BY BOARD PER ABOVE).

C. POSTPONED A DECISION ON TWO AID LOANS. THE NUTRITION
LOAN WAS SUBSEQUENTLY APPROVED AND THE LOAN AGREEMENT IS

NOW BEING NEGOTIATED. IT SHOULD BE READY FOR SIGNATURE
WITHIN A FEW WEEKS. THE HUMAN RIGHTS-RELATED HOLD HAS
NOW BEEN REMOVED FROM THE EDUCATION LOAN. HOWEVER,
OVER A YEAR HAS PASSED SINCE THE LOAN WAS DEVELOPED AND

THE MODIFICATIONS MADE IN THE PROPOSAL LAST SUMMER WHICH REDUCED THE LOAN FROM \$10 TO \$7.5 MILLION (WITH AN ACCOMPANYING GRANT OF \$890,000) NOW REQUIRE A REVIEW WITH THE MINISTRY OF EDUCATION BEFORE PROCEEDING. ACCORDINGLY, AN AID TEAM WILL SHORTLY ARRIVE IN MANAGUA TO REVIEW THE PROJECT WITH THE MISSION AND THE NEW MINISTER OF EDUCATION, INCLUDING THE REFORM AND COUNTERPART REQUIREMENTS CALLED FOR BY THE PROJECT. IF THE TEAM RECONFIRMS THE GOVERNMENT'S INTEREST AND COMMITMENT, AID WOULD THEN SUBMIT A CONGRESSIONAL NOTIFICATION AND PROCEED WITH AUTHORIZATION.

D. APPROVED SEVERAL GRANTS FOR PROJECTS ADDRESSING
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 115257

BASIC HUMAN NEEDS TO BOTH PRIVATE VOLUNTARY ORGANIZATIONS AND GOVERNMENT AGENCIES.

E. APPROVED ABSTENTION ON THE IDB CONSIDERATION OF A DAM PROJECT FEASIBILITY STUDY ON THE GROUND THAT THE PROJECT DID NOT ADDRESS BASIC HUMAN NEEDS. THE IDB HAS SUBSEQUENTLY APPROVED THE GRANT. CHRISTOPHER

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 STATE 115257
ORIGIN ARA-14

INFO OCT-01 ISO-00 /015 R

66011

DRAFTED BY: ARA/CEN:DWELTER

APPROVED BY: ARA/CEN:DWELTER

ARA/CEN:WMATTHEWS

-----062894 101935Z /64

O 101925Z MAY 78

FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR IMMEDIATE

CONFIDENTIAL STATE 115257

FOR DEPUTY ASST SEC SALLY SHELTON

FOLLOWING REPEAT STATE 115257 ACTION MANAGUA INFO CARCAS
GUATEMALA SAN JOSE SAN SALVADOR TEGUCIGALPA MAY 5

QUOTE C O N F I D E N T I A L STATE 115257

E.O. 11652: GDS

TAGS: PINT, PINS, EFIN, NU

SUBJECT: RESPONSE TO AMBASSADOR'S REQUEST FOR INFORMATION

REF: MANAGUA 1945

1. DIPLOMATIC NOTE (ACTUALLY LETTER FROM SEVILLA-SACASA)
ANSWERED APRIL 4. SEVILLA-SACASA ACKNOWLEDGED RECEIVING
REPLY AROUND APRIL 5 AND SAYS HE SENT COPY TO PRESIDENT
SOMOZA. TEXT OF BOTH LETTERS SENT SEPTEL.

2. RE SOMOZA ALLEGATION US DIRECTOR OF IDB BOYCOTTING
NICARAGUA PROJECTS, YOU SHOULD TELL PRESIDENT SOMOZA
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 115257

FOLLOWING: THE U.S. EXECUTIVE DIRECTOR OF THE IDB IS AN
INSTRUCTED DELEGATE. HE DOES NOT INSTRUCT IDB STAFF AND
IS NOT AWARE OF ANY INSTRUCTION TO STAFF TO HOLD UP ON
PREPARING LOANS FOR NICARAGUA FOR PRESENTATION TO BOARD.
IF QUERIED BY IDB SENIOR STAFF, HE WILL BE GLAD TO EXPLAIN
U.S. POSITION ON ANY PARTICULAR LOAN. REGARDING THE
RIO BLANCO-SIUNA ROAD LOAN, THE U.S. DELEGATE TO THE
VANCOUVER IDB CONFERENCE DISCUSSED THIS PROJECT AT LENGTH
WITH THE NICARAGUAN DELEGATE AND ASSURED HIM THAT THE U.S.
WOULD GIVE CAREFUL CONSIDERATION TO THIS LOAN. SOME

TECHNICAL MODIFICATIONS OF THIS LOAN ARE IN PROCESS TO
ENSURE THAT IT CLEARLY MEETS BASIC HUMAN NEEDS CRITERIA.
THE INTERAGENCY GROUP ON HUMAN RIGHTS AND FOREIGN
ASSISTANCE HAS NOW RECOMMENDED APPROVAL OF THIS LOAN.
WE UNDERSTAND THAT IDB COMMITTEE ACTION IS SCHEDULED
FOR MAY 18, WITH FINAL BOARD CONSIDERATION ON MAY 25.

3. YOU MAY INFORM SOMOZA THAT THE USG IS CLEARLY NOT
PRACTICING ANY ECONOMIC BOYCOTT OF NICARAGUA. THE
FOLLOWING IS A SUMMARY OF OUR ACTIONS SINCE NOVEMBER
1977 RE IFI AND AID LOANS AND GRANTS FOR NICARAGUA.
YOU MAY DRAW ON IT AS APPROPRIATE TO MAKE THE POINT TO
SOMOZA THAT THERE IS NO ECONOMIC BOYCOTT.

A. APPROVED FAVORABLE VOTES FOR:

1. IBRD MANAGUA WATER SUPPLY LOAN
2. IBRD RURAL SANITATION LOAN
3. IDB PUBLIC HEALTH LOAN

THESE PROJECTS HAVE BEEN APPROVED BY THE RESPECTIVE
BOARDS OF DIRECTORS AND CONTACT NEGOTIATIONS ARE
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 STATE 115257

PROCEEDING.

B. POSTPONED A DECISION ON THE FOLLOWING LOANS AND
SUGGESTED THE GON MIGHT REQUEST A POSTPONEMENT IN A
VOTE BY THE BANKS:

1. IDB ANIMAL HEALTH LOAN
2. IDB AGRICULTURAL RESEARCH LOAN
3. IDB RIO BLANCO-SIUNA ROAD PROJECT (NOW BEING PREPARED
FOR VOTE BY BOARD PER ABOVE).

C. POSTPONED A DECISION ON TWO AID LOANS. THE NUTRITION
LOAN WAS SUBSEQUENTLY APPROVED AND THE LOAN AGREEMENT IS

NOW BEING NEGOTIATED. IT SHOULD BE READY FOR SIGNATURE
WITHIN A FEW WEEKS. THE HUMAN RIGHTS-RELATED HOLD HAS
NOW BEEN REMOVED FROM THE EDUCATION LOAN. HOWEVER,
OVER A YEAR HAS PASSED SINCE THE LOAN WAS DEVELOPED AND
THE MODIFICATIONS MADE IN THE PROPOSAL LAST SUMMER
WHICH REDUCED THE LOAN FROM \$10 TO \$7.5 MILLION (WITH
AN ACCOMPANYING GRANT OF \$890,000) NOW REQUIRE A
REVIEW WITH THE MINISTRY OF EDUCATION BEFORE PRO-
CEEDING. ACCORDINGLY, AN AID TEAM WILL SHORTLY ARRIVE
IN MANAGUA TO REVIEW THE PROJECT WITH THE MISSION
AND THE NEW MINISTER OF EDUCATION, INCLUDING THE
REFORM AND COUNTERPART REQUIREMENTS CALLED FOR BY THE
PROJECT. IF THE TEAM RECONFIRMS THE GOVERNMENT'S
INTEREST AND COMMITMENT, AID WOULD THEN SUBMIT A
CONGRESSIONAL NOTIFICATION AND PROCEED WITH AUTHORIZA-
TION.

D. APPROVED SEVERAL GRANTS FOR PROJECTS ADDRESSING
BASIC HUMAN NEEDS TO BOTH PRIVATE VOLUNTARY ORGANIZA-
TIONS AND GOVERNMENT AGENCIES.

E. APPROVED ABSTENTION ON THE IDB CONSIDERATION OF A
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 STATE 115257

DAM PROJECT FEASIBILITY STUDY ON THE GROUND THAT THE
PROJECT DID NOT ADDRESS BASIC HUMAN NEEDS. THE IDB
HAS SUBSEQUENTLY APPROVED THE GRANT. CHRISTOPHER.
UNQUOTE VANCE

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PRESIDENT, GOVERNMENT REACTIONS, ALLEGATIONS, DEVELOPMENT BANKS, BOYCOTTS, DEVELOPMENT LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978STATE115257
Document Source: CORE
Document Unique ID: 00
Drafter: WMATTHEWS:DWELTER:CFC
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780193-0018
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780587/aaaacwqu.tel
Line Count: 283
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 226c3aa3-c288-dd11-92da-001cc4696bcc
Office: ORIGIN ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 MANAGUA 1945
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 13 jul 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2774723
Secure: OPEN
Status: NATIVE
Subject: RESPONSE TO AMBASSADOR'S REQUEST FOR INFORMATION
TAGS: PINT, PINS, EFIN, NU, US, IDB, (SAMOZA DEBAYLE, ANASTASIO)
To: MANAGUA
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/226c3aa3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014